Form 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-707

KANSAS CITY POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Missouri | 44-0308720 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

1201 Walnut, Kansas City, Missouri 64106-2124
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (816) 556-2200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

The number of shares outstanding of the registrant's Common stock at April 29, 1994 was 61,908,726 shares.

PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS

| | March 31 1994 | December 31 1993 |
|---|---|---|
| ASSETS | (Thousands) | |
| UTILITY PLANT, at original cost | | |
| Electric | $ 3,263,377 | $ 3,240,384 |
| Less-Accumulated depreciation | 1,039,361 | 1,019,714 |
| Net utility plant in service | 2,224,016 | 2,220,670 |
| Construction work in progress | 66,470 | 67,766 |
| Nuclear fuel, net of amortization of $79,311,000 and $76,722,000 | 32,195 | 29,862 |
| Total | 2,322,681 | 2,318,298 |

| | | |
|---|---|---|
| REGULATORY ASSET - DEFERRED WOLF CREEK COSTS | 26,526 | 29,118 |
| REGULATORY ASSET - RECOVERABLE TAXES | 122,000 | 122,000 |
| INVESTMENTS AND NONUTILITY PROPERTY | 35,789 | 28,454 |
| CURRENT ASSETS | | |
| Cash | 5,441 | 1,539 |
| Special deposits | - | 60,118 |
| Receivables | | |
| Customer accounts receivable | 16,413 | 29,320 |
| Other receivables | 20,699 | 19,340 |
| Fuel inventories, at average cost | 13,344 | 14,550 |
| Materials and supplies, at average cost | 44,826 | 44,157 |
| Prepayments | 3,567 | 4,686 |
| Deferred income taxes | 5,069 | 3,648 |
| Total | 109,359 | 177,358 |
| DEFERRED CHARGES | | |
| Regulatory Assets | | |
| Settlement of fuel contracts | 19,527 | 20,634 |
| KCC Wolf Creek carrying costs | 8,891 | 9,575 |
| Other | 30,706 | 31,899 |
| Other deferred charges | 7,486 | 17,732 |
| Total | 66,610 | 79,840 |
| Total | $ 2,682,965 | $ 2,755,068 |
| LIABILITIES | | |
| CAPITALIZATION (Note 2) | | |
| Common stock-authorized 150,000,000 shares without par value-61,908,726 shares issued and outstanding-stated value | $ 449,697 | $ 449,697 |
| Retained earnings | 404,383 | 418,201 |
| Capital stock premium and expense | (1,736) | (1,747) |
| Common stock equity | 852,344 | 866,151 |
| Cumulative preferred stock | 89,000 | 89,000 |
| Cumulative preferred stock (redeemable) | 1,596 | 1,756 |
| Long-term debt | 737,018 | 733,664 |
| Total | 1,679,958 | 1,690,571 |
| CURRENT LIABILITIES | | |
| Notes payable to banks | 5,000 | 4,000 |
| Commercial paper | 33,000 | 25,000 |
| Current maturities of long-term debt | 74,250 | 134,488 |
| Accounts payable | 36,260 | 59,421 |
| Dividends declared | 423 | 423 |
| Accrued taxes | 40,046 | 27,800 |
| Accrued interest | 8,811 | 15,575 |
| Accrued payroll and vacations | 17,531 | 20,127 |
| Accrued refueling outage costs | 10,375 | 7,262 |
| Other | 7,598 | 8,531 |
| Total | 233,294 | 302,627 |
| DEFERRED CREDITS | | |
| Deferred income taxes | 629,666 | 627,819 |
| Deferred investment tax credits | 86,099 | 87,185 |
| Other | 53,948 | 46,866 |
| Total | 769,713 | 761,870 |
| COMMITMENTS AND CONTINGENCIES (Note 1) | | |
| Total | $ 2,682,965 | $ 2,755,068 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended March 31 1994 | Three Months Ended March 31 1993 | Twelve Months Ended March 31 1994 | Twelve Months Ended March 31 1993 |
|---|---|---|---|---|
| | (Thousands) | | | |
| ELECTRIC OPERATING REVENUES | $ 199,295 | $ 191,380 | $ 865,365 | $ 814,026 |
| OPERATING EXPENSES | | | | |
| Operation | | | | |
| Fuel | 38,009 | 31,325 | 136,801 | 126,044 |
| Purchased power | 6,482 | 5,775 | 32,110 | 23,772 |
| Other (Note 3) | 58,562 | 44,168 | 199,027 | 178,959 |
| Maintenance | 18,816 | 18,102 | 79,264 | 78,626 |
| Depreciation | 23,331 | 22,511 | 91,930 | 89,199 |
| Taxes | | | | |
| Income | 6,748 | 11,162 | 65,088 | 56,302 |
| General | 23,468 | 23,669 | 95,458 | 94,547 |
| Amortization of | | | | |
| MPSC rate phase-in plan | - | 1,768 | 5,304 | 7,072 |
| Deferred Wolf Creek costs | 3,276 | 3,276 | 13,102 | 13,102 |
| Total | 178,692 | 161,756 | 718,084 | 667,623 |
| OPERATING INCOME | 20,603 | 29,624 | 147,281 | 146,403 |
| OTHER INCOME AND DEDUCTIONS | | | | |
| Allowance for equity funds used during construction | 473 | 542 | 2,777 | 1,615 |
| Miscellaneous | 123 | (260) | (2,103) | 2,711 |
| Income taxes | 79 | 162 | 1,466 | (529) |
| Total | 675 | 444 | 2,140 | 3,797 |
| INCOME BEFORE INTEREST CHARGES | 21,278 | 30,068 | 149,421 | 150,200 |
| INTEREST CHARGES | | | | |
| Long-term debt | 10,380 | 13,781 | 46,717 | 54,206 |
| Short-term notes | 338 | 198 | 890 | 1,706 |
| Miscellaneous | 1,188 | 901 | 4,400 | 2,366 |
| Allowance for borrowed funds used during construction | (519) | (612) | (2,449) | (1,891) |
| Total | 11,387 | 14,268 | 49,558 | 56,387 |
| PERIOD RESULTS | | | | |
| Net income | 9,891 | 15,800 | 99,863 | 93,813 |
| Preferred stock dividend requirements | 807 | 827 | 3,133 | 3,293 |
| Earnings available for common stock | $ 9,084 | $ 14,973 | $ 96,730 | $ 90,520 |
| Average number of common shares outstanding | 61,908,726 | 61,908,726 | 61,908,726 | 61,908,726 |
| Earnings per common share | $ 0.15 | $ 0.24 | $ 1.56 | $ 1.46 |
| Cash dividends per common share | $ 0.37 | $ 0.36 | $ 1.47 | $ 1.44 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three Months Ended March 31 1994 | Three Months Ended March 31 1993 | Twelve Months Ended March 31 1994 | Twelve Months Ended March 31 1993 |
|---|---|---|---|---|
| | (Thousands) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income | $ 9,891 | $ 15,800 | $ 99,863 | $ 93,813 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 23,331 | 22,511 | 91,930 | 89,199 |
| Amortization of: | | | | |
| Nuclear fuel | 2,589 | 1,714 | 9,580 | 10,085 |
| Deferred Wolf Creek costs | 3,276 | 3,276 | 13,102 | 13,102 |
| MPSC rate phase-in plan | - | 1,768 | 5,304 | 7,072 |
| Other | 2,647 | 1,944 | 8,937 | 6,380 |
| Deferred income taxes (net) | 426 | 9,321 | 16,607 | 27,734 |
| Investment tax credit (net) | (1,086) | (1,086) | (4,345) | (4,520) |
| Allowance for equity funds used during construction | (473) | (542) | (2,777) | (1,615) |
| Cash flows affected by changes in: | | | | |
| Receivables | 11,548 | 10,054 | (8,751) | (4,075) |
| Fuel inventories | 1,206 | 1,274 | 6,007 | 1,380 |
| Materials and supplies | (669) | 480 | (43) | 827 |
| Accounts payable | (23,161) | (31,024) | (9,878) | 6,170 |
| Accrued taxes | 12,246 | 10,486 | 9,696 | 4,508 |
| Accrued interest | (6,764) | 2,419 | (6,557) | (1,809) |
| Wolf Creek refueling outage accrual | 3,113 | (4,851) | 2,626 | 5,029 |
| Early retirement program costs | 14,000 | - | 14,000 | - |
| Other operating activities | (1,312) | 2,158 | 2,949 | 1,230 |
| Net cash provided by operating activities | 50,808 | 45,702 | 248,250 | 254,510 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Construction expenditures | (29,148) | (28,347) | (130,000) | (136,117) |
| Allowance for borrowed funds used during construction | (519) | (612) | (2,449) | (1,891) |
| Other investing activities | (6,456) | (3,651) | (2,499) | (7,602) |
| Net cash used in investing activities | (36,123) | (32,610) | (134,948) | (145,610) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of long-term debt | 38,922 | 168,000 | 195,768 | 302,750 |
| Issuance of preferred stock | - | - | - | 50,000 |
| Retirement of long-term debt | (95,920) | (83,000) | (284,400) | (191,230) |
| Temporary investments for the retirement of debt | 60,118 | (38,824) | 38,824 | (27,759) |
| Premium on reacquired stock and long-term debt | - | (1,776) | (2,301) | (3,685) |
| Increase (decrease) in short-term borrowings | 9,000 | (33,000) | 38,000 | (146,000) |
| Dividends declared | (23,709) | (23,139) | (94,126) | (92,319) |
| Other financing activities | 806 | (222) | (885) | 464 |
| Net cash used in financing activities | (10,783) | (11,961) | (109,120) | (107,779) |
| NET INCREASE IN CASH | 3,902 | 1,131 | 4,182 | 1,121 |
| CASH AT BEGINNING OF PERIOD | 1,539 | 128 | 1,259 | 138 |
| CASH AT END OF PERIOD | $ 5,441 | $ 1,259 | $ 5,441 | $ 1,259 |
| CASH PAID DURING THE PERIOD FOR: | | | | |
| Interest, net of amount capitalized | $ 17,493 | $ 11,358 | $ 53,496 | $ 56,420 |
| Income taxes | $ 7,098 | $ 4,709 | $ 42,530 | $ 33,435 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

| | Three Months Ended March 31 | | Twelve Months Ended March 31 | |
|---|---|---|---|---|
| | 1994 | 1993 | 1994 | 1993 |
| | (Thousands) | | | |
| Beginning balance | $ 418,201 | $ 405,985 | $ 398,646 | $ 397,152 |
| Net income | 9,891 | 15,800 | 99,863 | 93,813 |
| | 428,092 | 421,785 | 498,509 | 490,965 |
| Dividends declared | 23,709 | 23,139 | 94,126 | 92,319 |
| Ending balance | $ 404,383 | $ 398,646 | $ 404,383 | $ 398,646 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

In management's opinion, the consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. These statements and notes should be read in conjunction with the financial statements and the notes thereto, included in the Company's annual report to the Securities and Exchange Commission on Form 10-K for the year 1993.

## 1. COMMITMENTS AND CONTINGENCIES

### TAX MATTERS

The Company's federal income tax returns for the years 1985 through 1990 are presently under examination by the Internal Revenue Service (IRS). The IRS has issued Revenue Agent's Reports for the years 1985 through 1990. The Reports include proposed adjustments that would reduce the Company's Wolf Creek investment tax credit (ITC) by 25% or approximately $20 million and tax depreciation by 23% or approximately $195 million. These amounts include the continuing effect of the adjustments through March 31, 1994. These adjustments, principally, are based upon the IRS's contention that (i) certain start-up and testing costs considered by the Company to be costs of the plant, should be treated as licensing costs, which do not qualify for ITC or accelerated depreciation, and (ii) certain cooling and generating facilities should not qualify for ITC or accelerated depreciation.

If the IRS were to prevail on all of these proposed adjustments, the Company would be obligated to make cash payments, calculated through March 31, 1994, of approximately $95 million for additional federal and state income taxes and $50 million for corresponding interest. After offsets for deferred income taxes, these payments would reduce net income by approximately $30 million.

The Company has filed a protest with the appeals division of the IRS. Based upon their interpretation of applicable tax principles and the tax treatment of similar costs and facilities with respect to other plants, it is the opinion of management and outside tax counsel that the IRS's proposed Wolf Creek adjustments are substantially overstated. Management believes any additional taxes, together with interest, resulting from the final resolution of these matters will not be material to the Company's financial condition or results of operations.

### ENVIRONMENTAL MATTERS

Interstate Power Company of Dubuque, Iowa (Interstate) filed a lawsuit in 1989 against the Company in the Federal District Court for the District of Iowa seeking from the Company contribution and indemnity under the Federal Comprehensive Environmental Response, Compensation and Liability Act, (the Superfund law) for cleanup costs of hazardous substances at the site of a demolished gas manufacturing plant in Mason City, Iowa. The plant was operated by the Company for very brief periods of time before the plant was demolished in 1952. The site and all other properties the Company owned in Iowa were sold to Interstate in 1957. The Company estimates that the cleanup could cost up to $10 million. The Company's estimate is based upon an evaluation of available information from on-going site investigation and assessment activities, including the costs of such activities.

In August 1993, the Company, along with other parties to the lawsuit, received a letter from the Environmental Protection Agency (EPA) notifying each such party that it was considered a potentially responsible party for cleanup costs at the site. The EPA has also proposed to list the site on the National Priorities List.

The Company believes it has several valid defenses to this action including the fact that the 1957 sales documents included clauses which require Interstate to indemnify the Company from and against all claims and damages arising after the sale. However, in 1993 the Court rejected this position, ruling that the indemnity clauses were not sufficiently broad to indemnify for environmental cleanup. This order will be final for appeal after a trial to allocate the cleanup costs among the parties, which is expected in 1994. Even if unsuccessful on the liability issue, the Company does not believe its allocated share of the cleanup costs will be material to its financial condition or results of operations.

## 2. CAPITALIZATION

In February 1994, the Company issued $35.9 million of its General Mortgage Bonds ($21.9 million due 2018 and $14.0 million due 2015) at a variable rate to support $35.9 million City of LaCygne, Kansas Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 1994. The proceeds from the issuance were used to redeem at par value the $21.9 million City of LaCygne, Kansas Pollution Control Revenue Refunding Bonds collateralized with the Company's 5 7/8% First Mortgage Bonds due 2007, and the $14.0 million 5 3/4% City of LaCygne, Kansas Pollution Control Revenue Bonds due 2003.

Under the Indenture of Mortgage and Deed of Trust dated December 1, 1946, as supplemented, a portion of retained earnings was not available for cash dividends on common stock. Following the redemption of the 5 7/8% First Mortgage Bond, this Indenture was retired. The remaining restriction relating to the payment of dividends is set forth in the Restated Articles of Consolidation and would apply in the event common equity falls to 25% of total capitalization.

## 3. EARLY RETIREMENT

In March 1994, the Company offered a voluntary early retirement program to 411 eligible management and union employees. Eligible employees have until May 31, 1994 to decide whether or not to participate.

Through March 31, 1994, 167 of 411 eligible employees had already elected to participate in the program. As a result, based on an estimated average cost per employee, the Company expensed $14 million ($0.14 per share) in the first quarter for the costs of the program relating to those 167 employees who had accepted. As of May 10, 1994, 108 additional employees had elected to participate. An additional expense will be accrued in the second quarter for those employees accepting the offer between April 1, 1994 and May 31, 1994.

It is expected that future savings of payroll and benefits will offset the program costs in less than two years if no retiring employees are replaced. The extent of necessary replacements is unknown at this time.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three month period - three months ended March 31, 1994 compared to three months ended March 31, 1993.

Twelve month period - twelve months ended March 31, 1994 compared to twelve months ended March 31, 1993.

KILOWATT (KWH) SALES AND OPERATING REVENUES

Sales and revenue data:

| | Increase (Decrease) From Prior Year | | | |
|---|---|---|---|---|
| | Three Month Period | | Twelve Month Period | |
| | KWH | Revenues (Millions) | KWH | Revenues (Millions) |
| Retail sales: | | | | |
| Residential | - % | $ (1) | 10 % | $ 25 |
| Commercial | 1 % | - | 3 % | 7 |
| Industrial | 4 % | - | 4 % | 3 |
| Other | (4)% | - | (1)% | - |
| Total retail | 1 % | (1) | 5 % | 35 |
| Sales for resale: | | | | |
| Bulk power sales | 68 % | 9 | 31 % | 16 |
| Other | - % | - | 3 % | - |
| Total operating revenues | | $8 | | $51 |

Effective January 1, 1994, Missouri jurisdictional retail rates were reduced 2.66%, or approximately $12.5 million annually, primarily to reflect the end of the Missouri Public Service Commission (MPSC) rate phase-in amortization. This agreement with the MPSC and public counsel also includes a provision whereby none of the parties can file for a general increase or decrease in Missouri retail electric rates prior to January 1, 1996. Approximately two-thirds of total retail sales are from Missouri customers. Other tariffs have not changed materially since 1988. Less than 1% of the Company's revenues are affected by an automatic fuel adjustment provision.

Residential and commercial sales for the twelve month period reflect closer to normal temperatures during the 1994 period compared to the abnormally mild weather during the 1993 period. Based on the Company's records of cooling degree days above 65 degrees Fahrenheit, the summer of 1992 was the coolest since 1950. Industrial kwh sales for the twelve month period reflect increased large customer usage in the steel, auto manufacturing, grain processing and plastic container production sectors. In addition, both the three and twelve month periods reflect basic load growth.

Bulk power sales reflect an increase in the number of sales commitments, the Company's high unit availability, and the requirements of other electric systems.

The level of future kwh sales will depend upon weather conditions, customer conservation efforts, competing fuel sources and the overall economy of the Company's service territory. Sales to industrial customers, such as steel and auto manufacturers, are also affected by the national economy. The level of bulk power sales in the future will depend upon the availability of generating units, fuel costs, requirements of other electric systems and the Company's system requirements. Sales could also be affected by issues facing the electric utility industry such as transmission access, demand-side management programs, increased competition and retention of large industrial customers. Alternative sources of electricity, such as cogeneration, could affect the retention of, and future sales to large industrial customers.

## FUEL, PURCHASED POWER AND OTHER OPERATION EXPENSES

Combined fuel and purchased power expenses increased for the three and twelve month periods reflecting additional sales. These increases were partially offset by decreased coal costs.

Other operation expenses increased during the three and twelve month periods primarily reflecting the $14 million ($0.14 per share) first quarter accrual for estimated costs of the voluntary early retirement program. See Note 3 to the Consolidated Financial Statements - Early Retirement for more detail including additional second quarter expenses and future savings of the program.

The twelve month period also reflects increased fossil plant production expenses and the additional accrual of postretirement benefits.

The Company continues to place emphasis on cost control. Processes are being reviewed and changed to provide increased efficiencies and improved operations.

## INCOME TAXES

In addition to reflecting an increase in income subject to tax, income tax expense increased by approximately $2 million for the twelve month period due to an increase in federal income tax rates.

The Company estimates state income tax expense will increase approximately $1 million in 1994 reflecting a change in the Missouri state income tax law.

## OTHER INCOME AND DEDUCTIONS

Miscellaneous and Income Taxes - the twelve months ended March 31, 1993 reflects gains from the sale of property and other contract settlements.

## INTEREST CHARGES

The decrease in interest charges for the three and twelve month periods reflect lower average levels of long-term debt outstanding and the refinancing of long-term debt with lower fixed or variable rate debt.

EARNINGS PER SHARE (EPS)

EPS for the three and twelve month periods reflects the $14 million ($0.14 per share) first quarter decrease for estimated costs of the early retirement program. See Note 3 to the Consolidated Financial Statements - Early Retirement for more detail including additional second quarter expenses and future savings of the program.

The effects of weather increased the twelve month period EPS approximately $0.18. Although both twelve months ended March 31 were affected by milder than normal temperatures, the twelve months ended March 31, 1994 reflects closer to normal temperatures compared to the prior twelve month period. Based on a statistical relationship between sales and the differences in actual and normal temperatures for the year, the Company estimates the effects of abnormal weather for the twelve month periods were as follows:

| | Twelve Months Ended March 31 1994 | 1993 |
|---|---|---|
| Estimated effects of abnormal weather on EPS | $(0.11) | $(0.29) |

In addition, EPS for the three and twelve month periods reflects reduced interest costs because the Company has refinanced a significant portion of its long-term debt to take advantage of lower interest rates.

ENVIRONMENTAL MATTERS

The Company's policy is to act in an environmentally responsible manner and utilize the latest technological processes possible to avoid and treat contamination. The Company continually conducts environmental audits designed to assure compliance with governmental regulations and detect contamination. However, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations which could require substantial changes to the Company's operations or facilities.

See Note 1 to the Consolidated Financial Statements-Commitments and Contingencies-Environmental Matters for a discussion of costs of compliance with environmental laws and regulations and a potential liability (which the Company believes is not material to its financial condition or results of operations) for cleanup costs under the Superfund law.

WOLF CREEK

Wolf Creek is one of the Company's principal generating facilities representing approximately 17% of the Company's accredited generating capacity and 26% of the Company's annual kwh generation and has the lowest fuel cost of any of its generating facilities.

An extended shut-down of the unit could have a substantial adverse effect on the Company's business, financial condition and results of operations. Higher replacement power and other costs would be incurred as a result. Although not expected, an abnormal shut-down of the plant could be caused by adverse incidents at the plant or by actions of the Nuclear Regulatory Commission reacting to safety concerns at the plant or other similar nuclear facilities. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes the Company to potential retroactive assessments and property losses in excess of insurance coverage.

CAPITAL REQUIREMENTS AND LIQUIDITY

See Note 2 to the Consolidated Financial Statements - Capitalization regarding the refinancing of long-term debt.

The Company currently uses an accelerated depreciation method for tax purposes. The accelerated depreciation on the Wolf Creek plant has reduced the Company's tax payments during the last three years by approximately $30 million per year. Accelerated depreciation on Wolf Creek ends in 1994.

See Note 1 to the Consolidated Financial Statements-Commitments and Contingencies-Tax Matters for a discussion of the Company's federal income tax returns for the years 1985 through 1990 which are presently under audit by the Internal Revenue Service.

In order to take advantage of the potential benefits inherent in a larger energy system, the Company might incur additional debt and/or issue additional equity to finance system growth or new growth opportunities, through business combinations or other investments such as an exempt wholesale generator.

## PART II - OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K

A Current Report on Form 8-K providing financial information for the year ended December 31, 1993 was filed by the Company on February 11, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KANSAS CITY POWER & LIGHT COMPANY

Dated: May 11, 1994

/s/Drue Jennings
(Drue Jennings)
(Chief Executive Officer)

Dated: May 11, 1994

/s/Neil Roadman
(Neil Roadman)
(Principal Accounting Officer)